

Advocacy Training and Resource Center

Financial Statements as at 31 December 2009
(with independent auditor's report thereon)

Advocacy Training and Resource Center

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Advocacy Training and Resource Centre

We have audited the accompanying financial statements of Advocacy Training and Resource Centre - ATRC, which comprise the balance sheet as at December 31, 2009, and the statement of revenue and expenditure, statement of changes in net assets and cash flow statement for the year then ended, and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Kosovo Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

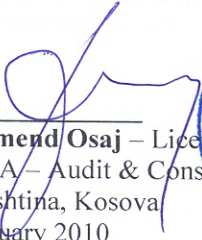
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ATRC as of December 31, 2009 and the results of its operation for the year then ended in conformity with accounting principals generally accepted in Kosovo.


Armend Osaj – Licensed Auditor
ACA – Audit & Consulting Associates
Prishtina, Kosova
January 2010



Advocacy Training and Resource Center

Balance Sheet

As at 31 December

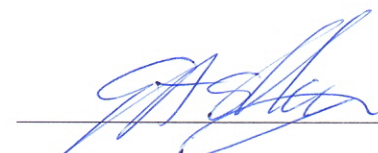
	Note	2009	2008
Assets			
Cash and cash equivalents	4	76,160	10,638
Advances to grantees	5	12,269	3,000
Total current assets		88,429	13,638
Property and equipment	6	18,159	21,730
Intangible assets	7	348	696
Total non-current assets		18,507	22,425
Total assets		106,936	36,063
Liabilities and fund balance			
Deferred revenue	8	68,936	1,977
Payables	9	1,024	296
Total current liabilities		69,960	2,273
Fund balance		36,976	33,790
Total liabilities and fund balance		106,936	36,063

The notes on pages 7 to 17 are an integral part of these financial statements.

The financial statements set out on pages 3 to 17 were authorized for issue by the management on 28 January 2010 and were signed on its behalf by:



Kushtrim Kaloshi
Executive Director

Gani Asllani
Financial and Administrative
Manager

Advocacy Training and Resource Center

Statement of income and expenses

For the year ended 31 December

	Note	2009	2008
Income from grants	10	174,091	401,680
Other income	11	35,467	35,359
Total income		209,558	437,039
Program expenses	12	(194,635)	(376,280)
Administrative expenses	13	(11,738)	(81,200)
Total expenses		(206,372)	(457,479)
Forex			0
Net (deficit)/surplus for the year		3,186	(20,441)

The notes on pages 7 to 17 are an integral part of these financial statements.

Advocacy Training and Resource Center

Statement of changes in fund balance

For the year ended 31 December 2009

	EUR
Balance at 1 January 2008	54,231
Deficit for the year	(20,441)
Balance at 31 December 2008	33,790
Balance at 1 January 2009	33,790
Deficit for the year	3,186
Balance at 31 December 2009	36,976

The notes on pages 7 to 17 are an integral part of these financial statements.

Advocacy Training and Resource Center

Statement of cash flows

For the year ended 31 December

	2009	2008
Cash flows from operating activities		
(Deficit)/surplus for the year	3,186	(20,441)
Adjustment for:		
Depreciation	5,562	9,987
Amortization	348	347
Change in advances	(9,269)	37,907
Change in payables	728	(1,477)
Change in deferred revenue	66,959	(98,561)
Net cash from operating activities	67,514	(72,238)
Cash flows from investing activities		
Acquisition of property and equipment	(1,993)	(6,060)
Net cash used in investing activities	(1,993)	(6,060)
Net increase in cash and cash equivalents	65,521	(78,298)
Cash and cash equivalents at 1 January	10,638	88,936
Cash and cash equivalents at 31 December	76,160	10,638

The notes on pages 7 to 17 are an integral part of these financial statements.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

1. General

Advocacy Training and Resource Center (hereafter called the “Organization” or “ATRC”), a non-for-profit organization is established as a foundation, founded in accordance with Regulation No. 1999/22 of the United Nations Interim Administration Mission in Kosovo, number 5200095-5 since 11 June 2003.

The mission of Advocacy Training and Resource Center is to increase citizen and civil society participation in decision-making, as a prerequisite for a developed democratic society and regional stability. It is an advocacy center that promotes issues confronting Kosovo’s development. The Organization administers specialized trainings to increase the capacity of NGO-se and civil society to influence governing structures through democratic means. It generates income from its resource center that is composed of training hall, training equipment and a library. ATRC is a member organization of several local and international networks.

In October 2006, the Organization started to award and administer grant program of IREX Kosovo Civil Society Program (KCSP), founded by USAID, which fall into three categories: Partnership and Networking Grants, Grassroots Advocacy Grants and Central-Level Advocacy Campaign Grants.

In April 2009, the Organization started to award and administer grant program of Institute for Sustainable Communities (K-CSSP), founded by USAID, which fall into category of Local Advocacy.

The Organization depends upon the financial and human resources provided by its supporters, in order to carry out its various programs and activities. The supporters are as follows:

1. United States Agency for International Development (USAID)
2. International Research and Exchanges Board (IREX)
3. Environmental Ambassadors (REA)
4. Euclid Network
5. Institute for Sustainable Communities (K-CSSP)
6. British Embassy in Prishtina
7. The Olof Palme International Center (OPIC)
8. US Embassy Prishtina
9. Rockefeller Brothers Fund (RBF)
10. United Nations High Commissioner for Refugees (UNHCR)
11. United Nations Development Programmed (UNDP)
12. Ministry of Argo Culture Forestry and Rural Development

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

2. Basis of presentation and summary of significant accounting policies

a) Statement of compliance

The accompanying financial statements have been prepared in accordance with Kosovo Accounting Standards (“KAS”).

b) Functional and presentation currency

The financial statements are presented in Euro (“EUR”), the local currency in Kosovo. Revenues are received in EUR and in US Dollar (“USD”), expenditures are made only in EUR. The EUR is the Organization’s measurement currency as it reflects the economic substance of the underlying events and circumstances of the Organization.

c) Advances to grantees

Advances to grantees are funds disbursed from the Organization to the grantees relating to projects yet to be implemented in 2010. Advances are measured at cost.

d) Fixed assets

Fixed assets are presented at their historical cost net of accumulated depreciation, which is calculated on a straight-line basis over their estimated useful lives. Annual depreciation rates are as follows:

	<i>In %</i>
Computer equipment	20
Office equipment	20
Vehicles	16.66

e) Liabilities

Liabilities are carried at cost.

f) Income

The donors’ funds are recognized as deferred income when received. Subsequently, when the projects are implemented the funds are recognized as income.

g) Foreign currency transactions

Transactions in foreign currencies are translated into EUR at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to EUR at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of activities. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

3. Taxation

The Organization has been established as a non-for-profit organization. Additionally, in accordance with the provisions of regulation number 2001/11 of UNMIK, all imports, inflows within the former Federal Republic of Yugoslavia or supplies funded from the proceeds of the grants made to UNMIK or the Administrative Departments of the Joint Interim Administration Structure by governments, government agencies, governmental or non-governmental organizations in support of humanitarian and reconstruction programs and projects in Kosovo are exempt from Value Added Tax ("VAT"). The activities of the Organization are exempt from VAT.

4. Cash and cash equivalents

Cash and cash equivalents are comprised as follows:

	31-Dec-09	31-Dec-08
Cash on hand	233	397
Cash at banks	75,927	10,241
Total cash and cash equivalents	76,160	10,638

The Organization maintains all of its bank accounts at Pro Credit Bank of Kosovo and TEB Bank, which are separated in accounts as per donor.

5. Advances to grantees

Advances to grantees are comprised as follows:

	31-Dec-09	31-Dec-08
Advances to KCSP grantees	12,140	-
Other advances	129	3,000
Total advances to grantees	12,269	3,000

Advances to KCSP grantees for the year 2009 refer to advances given to 5 NGO-s (Fortesa, SHVPDK, Liria, Handicap and BCS).

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

6. Property and equipment

Fixed assets of the Organization are composed of computers, office equipments and vehicles.

	Computers	Office equipment	Vehicles	Total
<i>Cost</i>				
At 1 January 2008	18,294	13,260	41,392	72,946
Additions	2,543	3,518		6,061
Disposals	-	-	-	-
At 31 December 2008	20,837	16,778	41,392	79,007
At 1 January 2009	20,837	16,778	41,392	79,007
Additions	1,589	-	403	1,992
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 December 2009	22,426	16,778	41,795	80,999
<i>Accumulated depreciation</i>				
At 1 January 2008	8,800	10,828	27,662	47,290
Depreciation charge for the year	3,448	1,139	5,400	9,987
Disposals	-	-	-	-
At 31 December 2008	12,248	11,967	33,062	57,277
At 1 January 2009	12,248	11,967	33,062	57,277
Depreciation charge for the year	2,917	979	1,667	5,562
Disposals	-	-	-	-
At 31 December 2009	15,165	12,946	34,729	62,840
<i>Carrying amount</i>				
At 1 January 2008	9,494	2,432	13,730	25,656
At 31 December 2008	8,589	4,811	8,330	21,730
At 1 January 2009	8,589	4,811	8,330	21,730
At 31 December 2009	7,261	3,832	7,066	18,159

Advocacy Training and Resource Center
Notes to the financial statements as at 31 December

7. Intangible assets

	Software	Total
<i>Cost</i>		
At 1 January 2008	1,739	1,739
Additions	-	-
At 31 December 2008	1,739	1,739
At 1 January 2009	1,739	1,739
Additions	-	-
At 31 December 2009	1,739	1,739
<i>Accumulated amortization</i>		
At 1 January 2008	696	696
Charge for the year	347	347
At 31 December 2008	1,043	1,043
At 1 January 2009	1,043	1,043
Charge for the year	348	348
At 31 December 2009	1,391	1,391
<i>Carrying amount</i>		
At 1 January 2008	1,043	1,043
At 31 December 2008	696	696
At 1 January 2009	696	696
At 31 December 2009	348	348

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

8. Deferred revenue

Deferred revenue as at 31 December 2009 represents the unspent funds donated in 2008 from the Organizations mentioned below. As per agreements between the ATRC and the donors the unspent funds in 2008 will be used during the year 2009 for program activities.

EUR	ISC Grant	REA Grant	US Embassy Prishtina Fund	BTD Funds	Total
Balance at 31 December 2008	-	-	-	1,977	1,977
Additions in 2009	43,555	76,360	17,604	-	137,518
Income recognized in 2009	(26,992)	(36,994)	(4,597)	(1,977)	(70,559)
Balance at 31 December 2009	16,563	39,366	13,007	-	68,936

9. Payables

Payables relate to the rent, maintenance and utilities expenses occurred in 2009, which were paid in 2010.

10. Income from grants

Income from grants for the years ended 31 December 2009 and 2008 are comprised as follows:

Grand income	2009	2008
KCSP	-	188,706
UNHCR Funds	55,519	54,597
British Embassy Prishtina	7,737	57,675
The Olof Palme International Center (OPIC)	36,516	42,237
US Embassy Prishtina	4,597	-
CSSP Funds	3,760	-
Institute for Sustainable communities (ISC-Funds)	26,992	-
Environmental Ambassadors (REA Funds)	36,994	-
Rockefeller Brothers Fund	-	44,626
BTD Fund	1,977	13,839
Total	174,091	401,680

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

11. Other income

Other income for the year ended 31 December 2009 represents the income generated by ATRC and the value of a car donated from the ARC Organization in Prishtina. Other income is comprised as follows:

	2009	2008
Program Income	3,596	1,717
MBZHRDP	8,444	9,620
UNDP	8,953	10,718
Euclid Network	13,564	6,514
ODA e Avokateve	-	730
IC-MP Funds	460	-
MVPT	450	-
Contribution	-	6,061
Total	35,467	35,359

12. Program expenses

Program expenses are all expenses incurred by the Organization in implementing the projects financed by different donors. The Organization keeps records of expenses as per each donor respectively as per budget line approved by the donor. All of the funds received from the donors are used for program expenses except for the funds received from KCSP which are divided in program and administrative expenses.

Program Expenses	2009	2008
Grants	5,799	147,480
Personnel	102,347	83,824
Training	57,840	100,222
Rent, utilities and maintenance	24,421	30,507
Travel and vehicles	2,599	5,432
Publication and advertising	-	3,160
Supplies and postage	1,441	5,655
Computer and office expenses	188	-
Total program expenses	194,635	376,280

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

12. Program expenses (continued)

A breakdown of program expenses as per category and source of financing in 2009 can be detailed as follows:

BUDGET LINE ITEMS	EXPENSES ISC/ Grants/ SIC-SIF	EXPENSES UNHCR	EXPENSES OPIC	EXPENSE S British Embassy.	EXPENSES REA	EXPENSES UNDP	EXPENSES A. Amenkane	EXPENSES EUCLID	EXPENSES MBPZHRDP	EXPENSES ATRC	Total EXPENSES
PERSONNEL	15,040.95	46,267.20	9,370.80	1,260.00	15,000.00	8,743.92	4,503.22		2,160.90	4,227.66	106,574.65
TRAVEL & VEHICLE	1,309.29					209.08			1,080.45		2,598.82
COMPUTER & OFFICE EQUIPMENT		187.60									187.60
SUPPLIES & POSTAGE	185.85	1,116.33						138.74			1,440.92
RENT, UTILITIES, COMUNIC& MAINTENANCE	2,330.00	7,862.12	5,738.39	1,712.93	2,741.21				1,080.45	2,956.14	24,421.24
TRAINING/ PROJECT EXPENSE	2,076.60		21,305.99	2,090.14	19,042.71		74.50	9,102.59	4,122.05	25.80	57,840.38
AUDIT										1,000.00	1,000.00
GRANTS	5,798.63										5,798.63
DEPRECIATION										5,910.14	5,910.14
BANK CHARGES	49.50	15.50	94.53	14.00	209.72		19.00	33.13		164.50	599.88
TOTAL EXPENSES	26,790.82	55,448.75	36,509.71	5,077.07	36,993.64	8,953.00	4,596.72	9,274.46	8,443.85	14,284.24	206,372.26

A breakdown of program expenses as per category and source of financing in 2008 can be detailed as follows:

Program Expenses 2008	KCSP	UNHCR	OPIC	British Embassy Prishtina	BTD	UNDP	RFB	EUCLID	MBPZHR	Total
Grants	106,862						40,618			147,480
Personnel	29,029	44,733		7,682	456				1,924	83,824
Training	4,146		26,504	48,635	3,505	2,060	3,096	5,542	6,734	100,222
Rent, utilities and maintenance	6,013	7,621	11,510	3,839	1,524					30,506
Travel and vehicles	3,496	975							962	5,432
Publication and advertising	3,160									3,160
Supplies and postage		1,257	4,218	180						5,655
Total expenses	152,706	54,586	42,232	60,336	5,485	2,060	43,714	5,542	9,620	376,280

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

13. General and administrative expenses

General and administrative expenses are mainly financed by KCSP and the Organization.

	2009	2008
Personnel	4,228	48,103
Computer and office equipment	-	1,326
Supplies and postage	-	1,535
Rent, utilities and maintenance	-	12,680
Audit	1,000	7,000
Depreciation	5,910	10,335
Bank charges	600	220
Other expenses	-	-
Total	11,738	81,200

The number of employees of the Organization as at 31 December 2009 was 17.

14. Financial Instrument

(i) Credit risk

Financial instruments, which potentially subject the organization to concentrations of credit risk, consist primarily of receivables and advances given to NGO. The receivables and advances to NGO credit risk is controlled through approvals of receivables and budget expenditures that generate such receivables.

(ii) Foreign currency risk

The Organization is exposed to foreign currency risk as the funds except in EUR are received in USD also. Funds received in USD are translated in EUR, and are expensed only in EUR.

(iii) Fair value

The Organization has financial assets, which include receivables (advances to grantees) and cash and cash equivalents. The Organization has financial liabilities, which include payables and deferred revenue. The fair values of these financial instruments are not materially different from their stated value due to their short maturity and approximation of cash.

Trade and other receivables / payables

All group receivables / payables have a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

14. Financial Instrument (continued)

(iv) *Interest rate risk*

The Organization's revenues and operating cash flows are substantially independent of changes in market interest rates. There are no interest-bearing borrowings.

(v) *Liquidity risk*

The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

	2009	2008
	Pay-down expected to be made in 1-12 months	Pay-down expected to be made in 1-12 months
	EUR	EUR
Payables	1,024	296
Total	1,024	296

15. Related parties

A related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties include the main donor (IREX), Institute for Sustainable communities (ISC-Funds), Board members and the Organization's executive officers.

A summary of the related party transactions for 2009 and 31 December 2008 are as follows:

	2009	2008
<i>Transactions with main donor</i>		
Funds received from IREX (KCSP)	-	160,790
Funds received from Institute for Sustainable communities (ISC- Funds)	43,555	-
<i>Transactions with Board</i>		
Board members salary expenses	-	150
<i>Transactions with management</i>		
Executive director salary expenses	14,733	34,580
Finance manager salary expenses	10,400	14,554
Travel and accommodation cost	-	-

Advocacy Training and Resource Center

Notes to the financial statements as at 31 December

16. Commitment and contingencies

There are no known commitments and contingency for the year ended 31 December 2009 (31 December 2008: Nil).

17. Events after the balance sheet date

Management is not aware of any events subsequent to the balance sheet date that may have an effect on or require disclosure in the Organization's financial statements as at 31 December 2009 (31 December 2008: Nil).